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We appreciate your introductions to friends, family and business associates, as well as your continued confidence in us.

Market Update

Market Reset?

There is simply no way to sugar coat the performance of the markets through the first six months of the year. After years of markets providing investors with opportunities to create wealth, we now find ourselves facing a new set of challenges. For most of the last decade, markets have shown their resiliency. Supportive government policies and abundant sources of inexpensive capital had provided a safety net. Today, the situation and the market's response are vastly different.

Whether it was the 2008 financial crisis or the 2020 Covid pandemic, there was a response through government policy and/or intervention. These programs not only attempted to soften the blow to those who were most impacted, but they also created new opportunities. Unfortunately, increased speculation and risk also came along for the ride. Money was literally cheap and plentiful. An environment of low interest rates along with an accommodating Federal Reserve was like a siren's call. Whether it was the home buyer trading up or a corporation buying or merging with its biggest competitor, they all wanted to join the party.

Is the current market now asking for that "loan" to be paid back? It really isn't that simple. As each crisis unfolded, the response at the time, seemed totally appropriate. While one can debate these interventions, it is hard to argue that many individuals and businesses would have otherwise suffered.

Today, we face some of the by-products and unintended consequences from these economic conditions and the response to them. The battle against Covid is a good example. This was not just a battle for our collective and individual health but also for our economic survival. Choices were being made and attitudes were shifting about work, lifestyle, travel, with each decision having both a personal and an economic impact.

Now, we are confronted with the rapid and destructive power of inflation and a Federal Reserve that has been accused of being asleep at the wheel. Interest rates have and will likely continue to go up over the next few months. For the Fed, raising rates is one of the few tools that they can use to break the back of inflation. Unfortunately, like most remedies, there are side effects. Mortgages and other loans will likely cost more. Buyers may stop buying. Jobs and businesses may suffer. The stock market too, will need to adjust, as companies adapt to the higher interest rate environment.

As we have written in our First Quarter Newsletter, client portfolios took on a "defensive" posture, as we were and remain mindful of the shift in the economy. We are optimistic that there are some early signs of an inflation "peak" as natural supply and demand forces, and the influence of higher rates may already be having an impact. If this trend continues, it could restore much needed confidence in the markets for the second half of this year and for which we are prepared to participate in.

Please be sure to visit our website at
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